

Southwest Community Services Agency

October 2004

Arthur A. Hayes, Jr., CPA, JD, CFE
Director

Deborah V. Loveless, CPA, CGFM
Assistant Director

Dena W. Winningham, CGFM
Audit Manager

Lisa Williams, CGFM
In-Charge Auditor

Nichole Curtiss, CFE
Staff Auditor

Amy Brack
Editor

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 401-7897

Performance audits are available on-line at www.comptroller.state.tn.us/sa/reports/index.html.
For more information about the Comptroller of the Treasury, please visit our Web site at
www.comptroller.state.tn.us.



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

State Capitol
Nashville, Tennessee 37243-0260
(615) 741-2501

John G. Morgan
Comptroller

October 28, 2004

The Honorable John S. Wilder
Speaker of the Senate
The Honorable Jimmy Naifeh
Speaker of the House of Representatives
The Honorable Thelma M. Harper, Chair
Senate Committee on Government Operations
The Honorable Mike Kernell, Chair
House Committee on Government Operations
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the performance audit of the Southwest Community Services Agency. This audit was conducted pursuant to the requirements of Section 4-29-111, *Tennessee Code Annotated*, the Tennessee Governmental Entity Review Law.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the agency should be continued, restructured, or terminated.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/dw
04-093

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit
Southwest Community Services Agency
October 2004

AUDIT OBJECTIVES

The objectives of the audit were to determine the responsibilities of Southwest Community Services Agency (Southwest CSA) as required by contracts with the Tennessee Department of Children's Services and various TennCare Managed Care Organizations; to determine whether personnel are qualified to perform the work they were hired to do; to analyze board absenteeism, quorums, compliance with the open meeting law, and the status of conflict-of-interest forms; to determine the funding relationship between TennCare, managed care organizations and behavioral health organizations (MCOs and BHOs), Southwest CSA, and transportation vendors; to determine whether Southwest CSA is competing with or duplicating similar services provided by human resource agencies, community action agencies, or economic development councils; to determine the measures used to ensure quality and consistency of services across the state; to determine the extent of external oversight and contract performance monitoring by the Department of Children's Services, the Department of Correction, MCOs, and BHOs; and to obtain an overview of KID\$TRAX and determine the extent of data-reliability testing conducted by either Southwest CSA or the Department of Children's Services.

FINDINGS

The Agency Does Not Monitor Vendors for Contract Compliance and Service Quality

The agency does not monitor the quality of services provided by vendors from whom it purchases services. Neither does it monitor vendors with whom it has contracts for service quality or contract compliance. Without such monitoring information,

agency management has no basis for determining the consistency of services provided to each client, the quality of the services, and whether the services are improving the well-being of children and families (page 11).

The Agency Is Not Monitoring for Title VI Compliance

As a Department of Children's Services contractor, Southwest CSA completes a Title VI self-survey that provides information about the agency's internal compliance with Title VI. However, the agency does not monitor its contractors for compliance with Title VI. All programs receiving federal financial assistance are prohibited by Title VI of the Civil Rights Act of 1964 from discriminating against participants or clients on the basis of race, color, or national origin (page 13).

The Agency Is Operating Under Draft Policies That Have Not Been Approved by the Department of Children's Services and Which Differ From Those Drafted by the Department

Operating under unapproved policies can cause inconsistency of service provision among the community services agencies and can cause noncompliance with department or court-mandated activities (page 15).

The Agency Does Not Monitor Vendors to Ensure That They Conduct Background Checks

The agency does not monitor its vendors to ensure that required criminal background checks have been conducted on their employees. By not verifying criminal histories, the agency could inadvertently place children at risk of being harmed by persons convicted of child abuse offenses (page 16).

The Quasi-External Reviews of Child and Family Services Operations and Service Delivery Need Improvement

Instead of focusing on service quality, the quasi-external Quality Improvement reviews duplicate the content of the internal quarterly case file reviews conducted by

agency supervisors. The agency also does not send the Quality Improvement review results to the Department of Children's Services, and the process does not require corrective action plans. These problems make it difficult for the agency and the department to determine whether children's situations are improving because of the services provided (page 17).

Internal Reviews of Child and Family Services Operations and Service Delivery Processes Lack Detailed Written Procedures and Require Improvement

Internal reviews do not always comply with Department of Children's Services policy, generally lack identification of the reviewer and reviewee, and have miscalculated or omitted compliance percentages. Without uniform administration of these reviews, the agency may make staffing decisions based on incomplete or erroneous information (page 19).

The Board of Directors Is Not Fully Complying With the Notice Requirements of the Open Meeting Law

Current public notice to the approximately 350,000 people (132,000 households) of the region consists of advertisement in the *Jackson Sun*, which has a circulation of only 35,294. Placing meeting notices in other newspapers or media outlets would maximize the number of households exposed to meeting notifications (page 21).

Board Policies Need to Be Revised

The board has had problems with appointees never attending meetings or missing a significant number of meetings. Board policies make no provision for board member participation via conference call or for removal of a board member because of absence. Only the Governor has the authority to remove board members. Also,

board policy does not require a quorum of at least half of its membership for conducting business (page 22).

Board Members and Staff Are Not Filing Annual Conflict-of-Interest Statements

Many board members' conflict-of-interest statements are several years old. Employees' conflict-of-interest statements are signed on the date of employment. Annual written disclosures of financial interests, prior employment, employment of immediate family members, and other matters that may influence decisions or could give the appearance of influencing decisions help ensure the board and staff are acting on the state's behalf and that board members are recusing themselves from decision-making as needed (page 24).

The Agency Lacks a Formal Complaint Process for Clients and Vendors

The agency lacks a formal process for addressing client and vendor complaints. Depending on the severity of the complaint, the agency may or may not complete documentation regarding either the complaint or the resolution. Without a formal complaint process, agency management cannot ensure that it addresses and tracks complaints in a timely, consistent, and impartial manner (page 25).

Many Case Manager Personnel Files Are Missing Probationary or Annual Evaluations

Just over two-thirds of case manager personnel files were missing one or more probationary or annual evaluations. Conducting annual evaluations provides employees with regular feedback about how they are progressing and provides a sound

basis for promotion and/or retention (page 26).

No Data Reliability Testing Has Been Conducted on KID\$TRAX

The KID\$TRAX database used by the community services agencies to create invoices to bill the Department of Children's Services for reimbursement has had no formal data reliability testing conducted on it. Without formal data reliability testing, the agencies cannot be certain that there are adequate internal controls within the program software and over the use of the software and that the data in the system are valid and reliable (page 26).

The TennCare Transportation Program Is Providing Services to a Managed Care Organization and Two Behavioral Health Organizations Without a Formal Contract

With no formal contract or only a letter of intent, OmniCare, Tennessee Behavioral Health, and Premier pay Southwest CSA to provide transportation coordination services for its TennCare Transportation program. A written contract protects both parties by enumerating, in writing, the complete agreement between parties (page 28).

TennCare Transportation Program Vendor Files Do Not Contain Necessary Documentation

Some vendor files did not contain documentation of licenses, vehicles, background checks and on-site reviews. Without complete documentation, the agency cannot properly oversee the operations of the TennCare Transportation program and safeguard the program's clients (page 29).

OBSERVATIONS AND COMMENTS

The audit also discusses the following issues: (1) lack of monitoring by the Department of Children's Services, Omnicare MCO, and Premier and Tennessee Behavioral Health BHOs; (2) the Department of Children's Services commissioner's serving on the board; (3) conflicts between annual report and financial statement requirements; and (4) the TennCare Transportation program at Southwest CSA is not the only such program available to TennCare MCOs and BHOs and their clients in the Southwest region (page 7).

ISSUES FOR LEGISLATIVE CONSIDERATION

The General Assembly may wish to consider (1) amending state law to provide for the removal of board members with excessive or consecutive absences and (2) amending Section 37-5-305(b), *Tennessee Code Annotated*, based upon the advice of the Attorney General, to remove the Commissioner of the Department of Children's Services or the commissioner's representative from serving as a voting member on rural CSA boards. Section 37-5-305(j), *Tennessee Code Annotated*, would limit the commissioner's participation in the majority of CSA business (page 30).

Performance Audit

Southwest Community Services Agency

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
Purpose and Authority for the Audit	1
Objectives of the Audit	1
Scope and Methodology of the Audit	2
History and Statutory Responsibilities	2
Organization	3
Revenues and Expenditures	6
OBSERVATIONS AND COMMENTS	7
Lack of Monitoring by Department of Children’s Services, Omnicare MCO, and Premier and Tennessee Behavioral Health BHOs	7
Department of Children’s Services Commissioner on the Board	8
Conflicts Between Annual Report and Financial Statement Requirements	9
The TennCare Transportation Program at Southwest Community Services Agency Is Not the Only Such Program Available to TennCare MCOs and BHOs and Their Clients in the Southwest Region	10
FINDINGS AND RECOMMENDATIONS	11
1. The agency does not monitor vendors for contract compliance and service quality	11
2. The agency is not monitoring for Title VI compliance	13
3. The agency is operating under draft policies that have not been approved by DCS and which differ from those drafted by DCS.	15
4. The agency does not monitor vendors to ensure that they conduct background checks	16

TABLE OF CONTENTS (CONT.)

	<u>Page</u>
5. The quasi-external reviews of Child and Family Services operations and service delivery need improvement	17
6. Internal reviews of Child and Family Services operations and service delivery processes lack detailed written procedures and require improvement	19
7. The board is not fully complying with the notice requirements of the open meeting law	21
8. Board policies need to be revised	22
9. Board members and staff are not filing annual conflict-of-interest statements	24
10. The agency lacks a formal complaint process for clients and vendors	25
11. Many case manager personnel files are missing probationary or annual evaluations	26
12. No data reliability testing has been conducted on KID\$TRAX	26
13. The TennCare Transportation program is providing services to OmniCare, Tennessee Behavioral Health, and Premier without a formal contract	28
14. TennCare transportation program vendor files do not contain necessary documentation	29
RECOMMENDATIONS	30
Legislative	30
Administrative	30
APPENDIX	34
Southwest CSA Staff Gender and Ethnicity by Job Position	34

Performance Audit Southwest Community Services Agency

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

This performance audit of the Southwest Community Services Agency was conducted pursuant to the Tennessee Governmental Entity Review Law, *Tennessee Code Annotated*, Title 4, Chapter 29. Under Section 4-29-226, the Southwest Community Services Agency is scheduled to terminate June 30, 2005. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the agency and to report to the Joint Government Operations Committee of the General Assembly. The audit is intended to aid the committee in determining whether the Southwest Community Services Agency should be continued, restructured, or terminated.

OBJECTIVES OF THE AUDIT

The objectives of the audit were

1. to determine the responsibilities of the entity as required by contracts with the Tennessee Department of Children's Services (DCS) and various TennCare managed care organizations/behavioral health organizations (MCOs/BHOs);
2. to determine whether personnel are qualified to perform the work they were hired to do;
3. to analyze board absenteeism, quorums, compliance with the open meeting law, and the status of conflict-of-interest forms;
4. to determine the funding relationship between TennCare, MCOs, BHOs, Southwest CSA, and transportation vendors;
5. to determine whether the agency is competing with or duplicating similar services provided by human resource agencies, community action agencies, or economic development councils;
6. to determine the measures used to ensure quality and consistency of services across the region;
7. to determine the extent of external oversight and contract performance monitoring by DCS, the Department of Correction, and MCOs and BHOs; and

8. to obtain an overview of KID\$TRAX and determine the extent of data reliability testing conducted by either the agency or DCS.

SCOPE AND METHODOLOGY OF THE AUDIT

The activities of Southwest Community Services Agency were reviewed for the period January 2001 through April 2004. The audit was conducted in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and included

1. review of applicable legislation and policies and procedures;
2. examination of the entity's records, reports, and information summaries; and
3. interviews with department staff and staff of other state agencies that interact with the agency.

HISTORY AND STATUTORY RESPONSIBILITIES

In May 1996, the Community Services Agency Act of 1996 replaced the 12 community health agencies, which were assisting the Tennessee Department of Health with delivery of health care to the state's indigent citizens, with community services agencies (CSAs). The purpose of these new agencies was to coordinate funds and programs designated for care of children and other citizens in the state. The mission of CSAs also broadened to include a range of services needed by families and children designed with the overall purpose of keeping children and youth from entering state custody. In keeping with this change of emphasis, the CSAs now report to the Department of Children's Services (DCS) instead of the Department of Health.

An additional change resulted from a study conducted in 1999 by the Child Welfare League of America (CWLA) under contract with DCS. The CWLA's assessment of the foster care system in Tennessee recommended that the roles and responsibilities of DCS and the CSAs be separated. It became apparent that the strength of DCS was working with children in state custody and the strength of the CSAs was to provide diversion, intervention, and prevention services for children at risk of entering state custody. The CSA structure, as a political subdivision of the state, enabled the agencies to serve children and families in crisis and secure in-home and community services quickly, thereby delaying or preventing a child's placement in state custody. In 2001, DCS transferred non-custodial (i.e., diversion, intervention, and prevention) services to CSAs throughout the state.

Southwest CSA, a private nonprofit organization that is also a political subdivision and instrumentality of the state, serves 11 counties: Chester, Decatur, Fayette, Hardeman, Hardin, Haywood, Henderson, Lauderdale, Madison, McNairy, and Tipton. The agency's office is in Jackson, Tennessee. A 12-member board of directors, 11 of whom are appointed by the

Governor, directs Southwest CSA. The agency's programs are carried out by approximately 100 staff under the supervision of the executive director, who is appointed by the Commissioner of DCS, subject to the approval of the board. (As of May 2004, the agency had nine vacancies; two in Child and Family Services and seven in Correctional Health Care.) Employees of Southwest CSA and its board members are considered state employees and are eligible for certain state benefits such as state liability coverage, legal representation, and participation in state retirement and health plans.

ORGANIZATION

The agency's major programs are Child and Family Services, TennCare Transportation, and Correctional Health Care. (See the organization chart on the following page.)

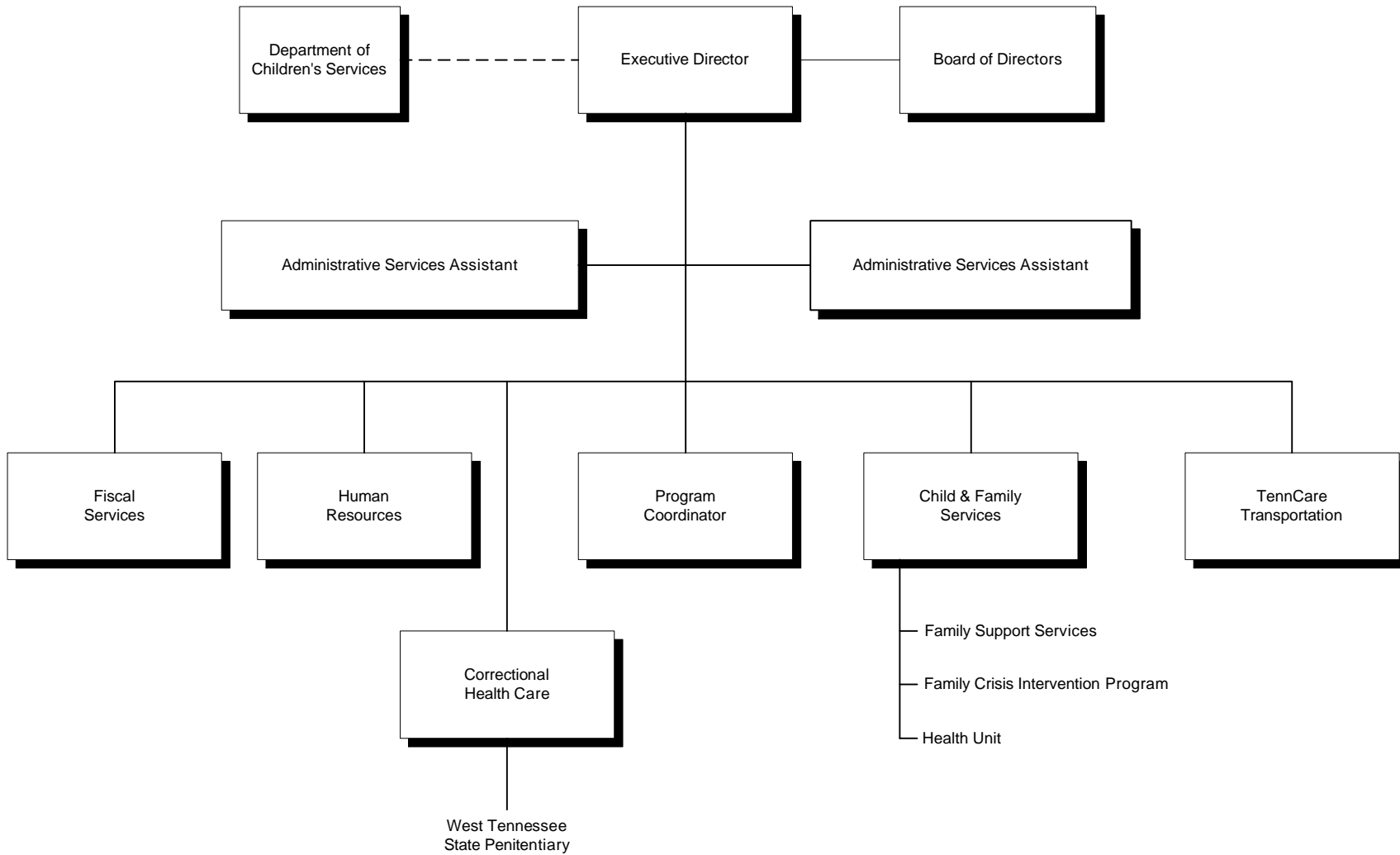
Child and Family Services

Child and Family Services, funded by the Department of Children's Services, delivers services to children who have been in state custody and could return home with post-custody services or children who are presently deemed to be at imminent risk of entering state custody. The goals of the program are to keep children and communities safe while providing supportive services that allow these children to maintain significant relationships with family, school, and community. Children who receive these services are referred by the Department of Children's Services or the local court system.

Services provided include but are not limited to

- time-limited family reunification services to achieve reunification quickly for children in custody less than 15 months;
- reunification services to all children with a goal of reunification;
- emergency residential services for youth who just entered care and those experiencing a placement disruption;
- adoption services that will help prepare families for adoption or enhance the possibilities that children will be adopted;
- needs assessment services for custodial children that will generally promote permanency, stability, and the well-being of those children;
- independent living services that will empower custodial youth and those exiting care to live independently; and
- family support services to non-custodial children and their families that will allow these children to live safely with their own families.

**Southwest Community Services Agency
Organization Chart
May 2004**



TennCare Transportation Program

Through contracts with managed care organizations and behavioral health organizations (MCOs and BHOs), the agency provides administrative services for a program designed to provide non-emergency transportation services for TennCare recipients to and from health-related services. Southwest CSA organizes a network of providers, performs eligibility determinations, arranges transportation services, and approves payments to transportation vendors. (The MCO or BHO makes the actual payment to the vendor.) In return for these services, the TennCare MCOs and BHOs, as the contractors, pay Southwest CSA a monthly administrative fee for each of their TennCare enrollees in the region.

Correctional Health Care Program

The Department of Correction contracts with Southwest CSA to provide medical and dental services to inmates of the West Tennessee State Penitentiary. Approximately 2,500 inmates are housed within the facilities located in Henning, Tennessee. All health services are provided under contract with the Tennessee Department of Correction (DOC) in conformance with DOC policies and Commission on Accreditation for Corrections standards. The CSA provides administrative staff, physician's assistants, registered nurses, licensed practical nurses, and dental assistants. Southwest CSA is responsible for providing health services as follows:

- primary medical services including initial screening of inmates;
- operation of the infirmary;
- necessary services of specialty physicians;
- necessary radiology, laboratory, and other ancillary services;
- dental services including specialty dental services and dental prosthetics;
- required hospitalization services;
- limited health screening and emergency health care to employees; and
- uniforms for medical staff and administrative personnel.

REVENUES AND EXPENDITURES

Revenues by Source For the Fiscal Year Ending June 30, 2003

Source	Amount	% of Total
Department of Children's Services	\$3,111,347.16*	53.0%
TennCare MCOs and BHOs	177,286.44	3.0%
Department of Correction	2,575,419.71	43.9%
Interest	7,251.11	0.1%
Total Revenue	\$5,871,304.42	100%

* Includes \$509,768 (8.7%) in federal funds

Source: Agency's audited financial statements

Expenditures by Account For the Fiscal Year Ending June 30, 2003

Account	Amount	% of Total
Administration	\$ 413,215.20	7.0%
Child and Family Case Management	1,705,134.81	28.9%
Child and Family Services	1,146,315.16	19.4%
Community Services Program	64,329.09	1.1%
Prison Health Services	2,410,214.14	40.8%
TennCare Transportation	162,494.39	2.8%
Total Expenditures	\$5,901,702.79	100%

Source: Agency's audited financial statements.

Sources of Funding Expected for the Fiscal Year Ending June 30, 2004

Account	Contract Maximums	% of Total
Department of Children's Services	\$3,472,832*	53.1%
TennCare MCOs and BHOs	165,250	2.5%
Department of Correction	2,655,229	40.6%
Fund Balance	250,000	3.8%
Total	\$6,543,311	100.0%

* Includes an estimated \$582,502 in federal funds.

Source: Southwest CSA Fiscal Year 2003-2004 Plan of Operation

OBSERVATIONS AND COMMENTS

The topics discussed below did not warrant findings but are included in this report because of their effect on the operations of Southwest Community Services Agency and on the citizens of Tennessee.

LACK OF MONITORING BY DEPARTMENT OF CHILDREN’S SERVICES, OMNICA CARE MCO, AND PREMIER AND TENNESSEE BEHAVIORAL HEALTH BHOS

Southwest CSA provides services by contract, letter of intent, or without any formal document to the Department of Children’s Services (DCS), the Department of Correction, two TennCare MCOs (BlueCross BlueShield and OmniCare), and two TennCare BHOs (Tennessee Behavioral Health and Premier). Only the Department of Correction and BlueCross BlueShield, through reviews and/or audits, monitor the services the agency provides them.

The Department of Correction contracts with Southwest CSA to provide comprehensive health services, including mid-level providers (nurse practitioners and physician’s assistants), nursing staff, dental assistants, X-ray technicians, and clerical support and administrative staff for the clinic at West Tennessee State Penitentiary in Lauderdale County. The Department of Correction monitors clinical operations frequently.

BlueCross BlueShield, OmniCare, Premier, and Tennessee Behavioral Health contract with Southwest CSA to oversee their TennCare transportation programs. BlueCross, whose contract with the agency dates to 1994, has conducted performance evaluations of Southwest CSA’s TennCare Transportation program. OmniCare, Tennessee Behavioral Health, and Premier, with whom Southwest CSA only has letters of intent (dated 2001 and 1999, respectively) and not formal contracts or anything in writing at all (see finding 13), have never audited the program.

DCS contracts with Southwest CSA and the 11 other CSAs to provide Family Support Services and a Family Crisis Intervention Program, which help families solve problems that place children at risk of harm and thus state custody. However, the department does not monitor agency performance, and DCS’s director of Protection and Prevention admits to being “woefully lacking in the ability to really know what is going on” with the CSA program.

As was stated in the November 2003 performance audit of the Department of Children’s Services, the department does not monitor Family Support Services provided by CSAs. This lack of oversight extends to the Family Crisis Intervention Program as well. The department does not evaluate the services the CSAs provide through these programs. The department also does not run reports on the CSAs out of the two databases used—TNKIDS and KID\$TRAX. DCS should be monitoring through reports on CSA recidivism, Title VI compliance, case closure rates, how long cases are open, comparing and contrasting performance of CSAs, searching for

client names and social security numbers appearing in more than one CSA as a deterrent to fraud and abuse, specific service volume, etc. The quarterly quality improvement reviews, conducted by personnel whom the CSAs hired with funding from DCS, are not forwarded to the department, nor has the department asked to see them. The reviews focus on quantitative and not qualitative issues. (See finding 5.) The department does not monitor to ensure that annual reports are submitted timely.

The Department of Children's Services should develop a system for measuring the quality of service provided by CSAs. The department should develop and implement written policies and procedures for monitoring both contract compliance and service quality to ensure that Southwest CSA management, in particular, and CSA management, in general, are fulfilling their statutory and contractual obligation of promoting the well-being of children and other citizens of the state. Monitoring these services should provide the department and agencies with a basis for improving service delivery and the consistency of those services throughout the region and state.

According to DCS, as it addresses areas that need improvement, it is evaluating its resources and capabilities concerning this issue. The department is working toward developing and implementing effective and efficient monitoring tools. In addition, it is striving to centralize and organize all monitoring activities and make this information available to key staff.

DEPARTMENT OF CHILDREN'S SERVICES COMMISSIONER ON THE BOARD

By law, the agency's board consists of 12 voting members: 11 persons representing the 11 counties served by Southwest CSA, and the Commissioner of DCS or the commissioner's designee.

The duties of the commissioner as either a CSA board member or the chief executive of DCS are frequently interrelated. As a board member, the commissioner can vote on all CSA business including the adoption of policies and procedures governing the CSA's internal operations; the making and executing of contracts; and the receiving, administering, allocating, and disbursing of funds made available under any federal or state assistance program. As the chief executive, the commissioner appoints the CSA's executive director with the approval of the CSA's board of directors. The commissioner also approves any CSA policies, procedures, or rules and regulations proposed by the board of directors, as well as all contracts for the purchase of services or the acquisition or improvement of real property. Furthermore, the commissioner is responsible for the review and approval of the CSA's plan of operation submitted in accordance with Section 37-5-310, *Tennessee Code Annotated*. It has been the practice of DCS for the regional administrator in each region to serve as the commissioner's designee in all rural CSAs across the state.

Because DCS is the primary funding source of the agency, many of the issues and decisions brought to the CSA board of directors relate to DCS. It appears that the commissioner's or designee's participation in these discussions or voting on matters relating to DCS violates Section 37-5-305(j), *Tennessee Code Annotated*, which states

If any matter before the board involves a project, transaction or relationship in which a member or the member's associated institution, business or board has a direct or a conflicting interest, the member shall make known to the board that interest and shall be prohibited from participating in discussions and voting on that matter.

This inherent conflict of interest was recognized on October 1, 2003, when DCS Assistant Commissioner Randal Lea sent an e-mail to all CSAs stating that the DCS regional administrators' voting privileges on CSA boards and the rare instances where a regional administrator has convened a CSA board without the presence of the executive director could be construed as conflicts of interest. In the same e-mail, DCS announced the department's decision that regional administrators serve *ex officio*—without voting rights, convening power, or power to hold board office—and serve only as a consultant to the board from DCS and to inform DCS about CSA board activities. However, DCS Commissioner Viola Miller reversed this position in a May 6, 2004, e-mail. The e-mail stated that the regional administrators can serve on the CSA boards as voting members based on Section 37-5-305, *Tennessee Code Annotated*, and *Rules of the Tennessee Department of Children's Services*, Chapter 0250-07-06. Commissioner Miller noted that the regional administrators play a vital role in promoting the appropriate delivery of services and, as voting members of the board, they will have input into these important decisions.

DCS should require its regional administrators to recuse themselves from CSA board votes. The Commissioner of DCS and the community services agencies should seek the advice of the Attorney General regarding the commissioner's role on the board of directors. The General Assembly may wish to consider amending Section 37-5-305(b), *Tennessee Code Annotated*, based upon the advice of the Attorney General, to remove the commissioner of DCS or the commissioner's representative from serving as voting members on rural CSA boards as this appears inconsistent with Section 37-5-305(j), *Tennessee Code Annotated*, which would limit the commissioner's participation in the majority of CSA business.

CONFLICTS BETWEEN ANNUAL REPORT AND FINANCIAL STATEMENT REQUIREMENTS

By contract with the Department of Children's Services (DCS), Southwest CSA is supposed to submit to the Commissioner of DCS an annual report with audited financial statements within nine months after the close of the fiscal year. However, a DCS rule dating from 2002 requires CSAs to submit an annual report on the preceding fiscal year activities and financial transactions within 60 days of receipt of a final audit report by the Comptroller of the Treasury. Neither the agency nor DCS is monitoring when Southwest CSA's annual reports are released and submitted.

Also, the agency has not placed an exact copy of the audited (or unaudited) financial statements from the Comptroller's audit in the agency's annual report for the last three years. In fact, in the last agency annual report issued, fiscal year 2002, no financial statement was included at all.

Since DCS is not monitoring CSA compliance with annual report and audited financial statement requirements, the purpose of these requirements by DCS is unclear. Timely submission of annual reports and audited financial statements is essential to good oversight, fiscal stewardship, and strategic planning.

Department of Children's Services management should determine what information it needs in an annual report and revise Rule 0250-7-6-.05(8) and its contract with Southwest CSA to eliminate conflicting language, perhaps requiring submission of an annual report with programmatic information within nine months of the close of the fiscal year and the Comptroller's financial audit with financial statements when released. Management should also develop and initiate a monitoring tool that its liaison with the CSAs will use to determine whether CSAs submit annual reports in a timely fashion.

According to the department, it will review the CSA contract and its requirements in relation to Rule 0250-7-6-.05(8) and clarify requirements. It will strive to more clearly define what information is required and a due date.

THE TENNCARE TRANSPORTATION PROGRAM AT SOUTHWEST COMMUNITY SERVICES AGENCY IS NOT THE ONLY SUCH PROGRAM AVAILABLE TO TENNCARE MCOs AND BHOs AND THEIR CLIENTS IN THE SOUTHWEST REGION

We reviewed the activities of Southwest CSA to determine whether it was competing with or duplicating similar services provided by human resource agencies and community action agencies. Managed care organizations and behavioral health organizations (MCOs and BHOs) participating in TennCare are, by contract, required to provide the benefit of transportation services to their enrollees as medically necessary or as necessary for enrollees lacking accessible transportation for covered services. However, as the MCOs and BHOs may contract with any entity, public or private, to manage this benefit, Southwest CSA competes with other agencies for this business, and not every TennCare MCO serving the Southwest region contracts with Southwest CSA.

Southwest CSA currently has contracts or letters of intent with two MCOs (BlueCross and OmniCare) and one BHO (Premier) to manage a transportation program for their TennCare enrollees. Tennessee Behavioral Health (TBH), another BHO, also pays Southwest CSA to manage such a program, though there is no contract or letter of intent. Southwest CSA acts as an intermediary between the MCOs and BHOs and the actual transportation providers. Southwest CSA oversees the transportation providers that have contracted directly with the MCOs and BHOs; arranges transportation appointments for OmniCare, BlueCross, Premier, and TBH enrollees; and bills the MCOs for the transportation providers. For this service, OmniCare and BlueCross pay Southwest CSA \$0.158 per month per enrollee in their TennCare program in the Southwest region. Premier and TBH pay \$0.105 per month for their TennCare enrollees in this region.

The other two MCOs that serve Southwest Tennessee—TLC and Better Health Plans—have contracted with Tennessee Carriers, Inc., to manage their TennCare transportation programs.

FINDINGS AND RECOMMENDATIONS

1. The agency does not monitor vendors for contract compliance and service quality

Finding

Southwest CSA does not monitor vendors regarding contract fulfillment as related to service provisions, standard contract clauses, and quality.

Section 37-5-304, *Tennessee Code Annotated*, states that the purpose of a CSA is improving and otherwise promoting the well-being of children and other citizens of the state. Currently, the Department of Children’s Services (DCS) contracts with Southwest CSA to provide assessment, planning, and case management for children at risk of entering custody and to provide services to custodial children at the request of DCS case managers. Section D.5 of this contract, Subcontracting, states that the agency is the prime contractor and is responsible for all work performed by approved subcontractors.

The agency maintains subcontracts with vendors to provide intensive family preservation, respite care, counseling, alcohol and drug services, transitional living, and homemaker services. However, not all purchased services require written contracts. Rule 0250-7-6-.05(3)(a), *Rules of the Tennessee Department of Children’s Services*, states that when the individual purchase is less than \$5,000 and the anticipated aggregate annual purchase of like services from the same vendor is less than \$25,000, a written contract is not required. Written contracts include specifications stipulating that if the contractor violates any of the terms, the CSA has the “right to immediately terminate the contract and withhold payments in excess of fair compensation for completed services.” In addition, the agency’s Internal Operations Policy and Procedure 3.16 states that the agency will terminate its contractual relationship with any vendor exhibiting inadequate standards of performance or care.

Agency case managers maintain contact with clients throughout the service period and can verify that they are receiving services. However, this process does not monitor vendors for contract compliance and service quality. When asked how they monitor service quality, agency management stated that case managers maintain weekly contact with vendors and review progress reports monthly.

However, based on discussions with agency management and reviews of policies, procedures, and contracts, we determined that the agency is not fully monitoring for contract compliance to ensure that vendors are complying with requirements of Title VI and HIPAA

(Health Insurance Portability and Accountability Act—specifically client health information confidentiality) and performing criminal background checks on employees. In addition, there are no specific measures in place to determine the quality of services provided. (See findings 2 and 4 for Title VI and background check monitoring.) Without such monitoring information, agency management has no basis for actually determining the consistency of services provided to each client and is unable to evaluate service consistency throughout the region. This problem is also a concern of DCS management. DCS management responsible for overseeing the CSA expressed concern over the department's lack of information related to the CSAs in general and whether the environments of the children and families served are improving.

It is imperative that the agency monitor contract compliance and quality of service to ensure contract provisions are met, especially those related to Tennessee law and DCS policies. However, while compliance monitoring is important, it only supplies part of the information the agency needs for effective program evaluation. Simply meeting every contract stipulation, such as the number of visitations, time spent with the client, and submitting correct billing information, does not automatically indicate that a client is receiving quality services. While compliance monitoring involves determining how many times a case manager spent time with a client, quality monitoring determines whether that interaction was comprehensive and thorough. Quality monitoring should also help determine whether clients receive services that meet their needs and whether case manager decisions were in the client's best interest. By monitoring the quality of vendor services, the agency should have a basis for demonstrating that it is fulfilling its statutory duties as well as promoting consistency of service throughout the region.

Recommendation

Southwest CSA management should develop a system with written policies and procedures for monitoring both contract compliance and vendor service quality. Contracts should require both the reporting of performance data or attainment of certain performance goals by the contractor and agency monitoring and confirmation of processes in place to ensure compliance with Title VI and HIPAA requirements. At a minimum, agency management should monitor vendors who receive the bulk of service monies or provide a majority of the services to evaluate whether Southwest CSA is fulfilling the statutory obligation of promoting the well-being of children and other citizens of the state. Monitoring these vendors should provide the agency with a basis for improving service delivery and the consistency of those services throughout the region. Agency management should also monitor vendors who do not have a formal written contract but who provide services to clients.

The Department of Children's Services may wish to consider requiring all CSAs to report vendor information to ensure that the department's own mission and contract provisions are being fulfilled.

Management's Comment

Southwest CSA

We concur. Management is in the process of developing an effective tool for contract monitoring. Agency will utilize staff from fiscal as well as program to complete review of contractor compliance. Additionally, the group of CSAs statewide is currently in the process of working with vendors to develop measurable outcomes related to performance. This committee is including groups such as Tennessee Association of Child Care in the development of these outcome measures. Southwest CSA management intends to have this process complete by January 1, 2005. We anticipate completing vendor monitoring by the end of the current contract year.

Department of Children's Services

We concur. The Department of Children's Services is assessing information from Quality Assurance and the Program Accountability Review (PAR) staff to determine what aspects, if any, the department is monitoring. The department is also working toward centralizing all monitoring activities and subsequent reports. This will allow DCS staff one source for all results and corrective actions reported. Using this information the department will begin to develop and implement better practices of monitoring contract compliance and service quality.

2. The agency is not monitoring for Title VI compliance

Finding

All programs or activities receiving federal financial assistance are prohibited by Title VI of the Civil Rights Act of 1964 from discriminating against participants or clients on the basis of race, color, or national origin.

According to its contract with the Department of Children's Services (DCS), Southwest CSA was the recipient of \$509,768 in federal funds during fiscal year 2003. In addition to the federal funds through DCS, the agency has contracts with some TennCare managed care organizations and behavioral health organizations (MCOs and BHOs) to administer a transportation program for their TennCare enrollees. In past years, these contracts have resulted in agency revenues of between \$177,286 and \$322,964. TennCare's contract with its MCOs and BHOs requires and funds such transportation programs.

The Human Resource director is the Title VI officer for the agency and monitors and analyzes statistics for Title VI in relation to employees and trains staff about the requirements of Title VI. The case managers at Southwest CSA give agency clients information about Title VI. However, according to the Human Resources director, the agency does not monitor its contractors for compliance with Title VI.

The agency completes a DCS Title VI self-survey administered to every DCS contractor. The survey asks questions regarding Title VI training; program services; and the racial demographics of boards, beneficiaries, employees, etc. Auditor review of the survey submitted by Southwest CSA in June 2003 disclosed that the CSA did not list any federal funding. The survey, while asking for the ethnicity of vendors, does not ask how subcontractors are monitored for compliance with Title VI. The agency reported that no Title VI complaints had been received.

The agency does not have formal, written policies specifically for monitoring itself and its contractors for Title VI compliance. The agency also does not have a specific formal, written complaint process that includes information about filling out the complaint form, who reviews and makes a decision, to whom that decision can be appealed, or the right to file directly with the federal government. The Title VI notice posted in the common area in the agency's office in Jackson simply instructs those wishing to file a complaint to contact the Human Resources director.

Recommendation

Southwest CSA management should develop formal, written Title VI policies and procedures for monitoring itself and the vendors with whom it does business, for the submission and handling of complaints, and for ensuring that clients are informed of their rights under Title VI and that clients know with whom they can file a complaint both within and outside the agency.

The Department of Children's Services should ensure that Southwest CSA has the necessary Title VI procedures and that it monitors its subcontractors for Title VI compliance. The Department of Children's Services should also review the Southwest CSA self-survey to ensure its accuracy, including the level of federal funding listed.

Management's Comment

Southwest CSA

We concur. Although our current Personnel Policies have language surrounding Title VI, we agree more detailed policies and procedures are needed. The Community Services Agencies Personnel Standards Committee is currently working to develop a more specific policy that will meet the requirements outlined in the audit recommendations. As soon as this policy is developed and approved by the Department of Children's Services, it will be presented to the Southwest CSA Board of Directors for approval. When approved, all staff, vendors, and clients will be trained on the issues related to this new policy. Additionally, as part of the contract monitoring function listed in Finding #1, we will monitor all vendors for Title VI compliance.

Department of Children's Services

We concur. To address the lack of written policies over Title VI procedures, DCS will coordinate with the Community Services Agencies to develop and implement written policy and procedures for Title VI compliance. The department will also begin requiring the CSAs to submit self-surveys and verify the federal funding listed.

3. The agency is operating under draft policies that have not been approved by DCS and which differ from those drafted by DCS

Finding

Southwest CSA is operating under policies drafted by the Department of Children's Services (DCS) in 2003 that lack formal approval from the department.

During the audit fieldwork, Southwest CSA's Child and Family Services (CFS) director stated that the agency is currently following draft policies developed by DCS and acknowledged that these policies have yet to be approved for implementation. The CFS director stated that Southwest CSA was told by DCS to go ahead and begin implementing these policies and procedures because they were going to be approved.

The Tennessee Department of Finance and Administration published a Program Accountability Review on October 1, 2003, that noted that Family Support Services and Family Crisis Intervention Program services were not provided in accordance with DCS policies and procedures. Southwest CSA's executive director stated in a Corrective Action Plan dated November 21, 2003, that the agency "has been operating under various sets of policies, some approved, some final, and some in draft form." He also stated, "In all cases DCS Central Office staff advised us that the changes they were implementing were approved." The executive director mentioned in the plan that the agency was taking steps to "move back" to an approved set of Family Support Services and Family Crisis Intervention Program policies.

We also noted that the draft policies provided by the CFS director were not the same draft policies provided by the DCS Central Office. The two versions were organized differently, had different terms for some items, and listed different program goals and outcomes. Operating under unapproved policies can cause inconsistency of service provision among CSAs, provide opportunities for fraud, and cause noncompliance with DCS or court-mandated activities. To ensure that Southwest CSA complies with DCS requirements, it should only operate under official DCS-approved policies and procedures.

Recommendation

Southwest CSA should only operate under formally approved policies. If waivers to existing approved policies are granted by DCS in anticipation of a forthcoming new policy

manual, the waivers should be in writing, dated, and include an effective date. Southwest CSA should request written clarification from DCS on what set of policies it should be following.

Management's Comment

We concur. Southwest CSA had received instruction from DCS to implement the draft policies. However, they were never "officially" approved. Effective September 1, 2004, we went back to operating under the officially approved policies.

4. The agency does not monitor vendors to ensure that they conduct background checks

Finding

The agency does not monitor its vendors to ensure that background checks have been conducted to prevent criminals, in general, and child sex offenders and abusers, in particular, from having contact with the children being served.

The probability of a criminal, child sex offender or abuser being employed in a position with access to children is a grave public concern. The Brian A. class action lawsuit, filed in May 2000 and settled in July 2001, states in section V(F)(4) that all persons applying for positions with the Department of Children's Services (DCS) or with a contract agency that involve contact with children are required to submit to a criminal records check and a child abuse registry screening process before beginning training or employment. Both DCS and Southwest CSA job specifications mirror this requirement. Sections 71-3-507 and 37-5-511, *Tennessee Code Annotated*, require criminal background checks for DCS employees, people working with children, and bus drivers.

Southwest CSA's standard contract with its vendors states that the contractor will ensure and adequately document that all of the contractor's and/or subcontractor's employees who are engaged in any activities covered under the terms of the contract will meet all required qualifications for the performance of their duties as specified by the agency or by federal, state, or local law, rules, or regulations. One of the minimum staff qualifications is the acceptable results of a nationwide criminal background investigation based on fingerprint records and a review of applicable registries, such as the Sex Offender Registry and Child Abuse Registry. Additionally, the agency's Internal Operations Policy and Procedure 3.16, Contract Approval Processes, states that all contracts for the delivery of services to children must require that the individuals delivering such services be subject to a background investigation. The agency may also purchase services for children and families without a contract if the services cost less than a certain amount. However, the agency does not monitor its vendors to see that the vendors check the backgrounds of their staff who have contact with children. Program and fiscal staff at the agency each thought the other would know whether the vendors were checking the backgrounds of their staff who work with children.

By not verifying criminal histories, the agency could inadvertently place children at risk of being harmed by persons employed by the agencies statutorily created to protect children.

Recommendation

To reduce the likelihood of exposing children to child sex offenders or child abuse offenders to the greatest extent reasonable, Southwest CSA management should immediately implement and monitor policies and procedures to ensure that vendors having contact with children have passed a criminal background check. Any individuals who are not presently verified should not be permitted to have contact with children until the verification is completed. The policies and procedures should also require that any individuals who subsequently become ineligible to have contact with children are identified and removed from positions having contact with children as soon as possible.

Management's Comment

We concur. As part of the vendor contract monitoring listed in other findings, we will begin auditing vendor files for background checks on their staff.

5. The quasi-external reviews of Child and Family Services operations and service delivery need improvement

Finding

Southwest CSA's Quality Improvement (QI) reviews conducted by a Northwest CSA employee duplicate the content of the Quarterly Case File Reviews conducted by Southwest CSA's Child and Family Services supervisors instead of focusing on service quality.

The Department of Children's Services (DCS) funds three QI reviewers for the CSAs, one in each grand division. However, these individuals are technically CSA employees. The QI reviewer for the three West Tennessee CSAs is an employee of Northwest CSA. Southwest CSA conducts QI reviews of its Family Crisis Intervention Program and Family Support Services Program. Each quarter, the QI reviewer obtains a random sample of records for testing from the KID\$TRAX expert at Upper Cumberland CSA via the statistician at Mid-Cumberland CSA. The QI reviewer sends the agency the list of cases to be reviewed five days before the scheduled review.

We compared the quasi-external Family Support Services review tool questions to the internal Family Support Services review tool and determined that all of the quasi-external questions were also included on the internal review.

Following the review, the QI reviewer discusses the results with Family Crisis Intervention Program and Family Support Services supervisors in preparation for an official exit

interview, which is held with the agency executive director. The Mid-Cumberland CSA statistician and the agency executive director receive a copy of the review.

The Mid-Cumberland CSA statistician is compiling data from each CSA to produce baseline data and will produce a report for each CSA, according to the Northwest CSA executive director. The intent is for these reports to act only as a mechanism to improve internal operations rather than to allow comparisons among CSAs throughout the state. Although DCS developed the QI program, DCS management stated they had never received a quality improvement report from any of the reviewers; they also indicated they had never asked for that information though they expressed an interest in the issues identified by these quality reviews.

Based on discussions with agency and DCS staff, DCS and all of the CSAs jointly decided what aspects to include in the QI review platform. The QI reviewer stated that the originally proposed platform was more stringent (for example, it required corrective action plans) but that CSA upper management did not care for it and modified it to its current form. The QI reviewer also stated that aspects such as telephone surveys of clients and corrective action plans are voluntary in the current QI review structure. Corrective action plans should be a required part of any quality improvement program.

The QI review model should be modified to separate it from the reviews conducted by the agency itself. In addition, the QI review should include quality monitoring of the agency's performance with results going directly to DCS. The results of the QI reviews should help DCS and the CSA, who currently only track the number of children entering state custody, to answer the following questions: Are children's situations improving because of the services provided? What is the rate of recidivism with CSA clients? How does one CSA's performance compare to other CSAs? It may be beneficial for DCS to employ the QI reviewers directly to increase the appearance of impartiality, improve the information flow between DCS and the agency, and provide DCS with more direct oversight of CSA programs.

Recommendation

The Department of Children's Services and the CSAs should work together to modify the Quality Improvement process to differentiate it from an agency's internal case file reviews and to include a qualitative review of agency operations. Additionally, the QI process should require corrective action plans to document actions taken to improve internal operations.

In addition, DCS may want to consider taking a more active role in overseeing and managing the QI reviews conducted at CSAs. For example, DCS may want to consider having the QI reviewers report directly to DCS and directly paying the reviewers' salaries, rather than having the money pass through the CSAs. Moreover, DCS should consider developing a review mechanism that fulfills its information needs and allows for a comprehensive review of CSA performance. DCS should also monitor corrective action plans to ensure that they are followed and that they effectively improve CSA internal operations.

Management's Comment

Southwest CSA

We concur. As with any new process, changes for improvement are needed. The CSA QI program is only a little more than a year old. We are constantly reviewing procedures to ensure the highest quality reviews are conducted that provide the most pertinent information to management so that changes can be implemented. Changes made since the time of the audit include: (1) conducting telephone client satisfaction surveys, (2) conducting telephone Juvenile Court Judges satisfaction surveys, (3) conducting written DCS staff satisfaction surveys, and (4) providing documentation of each review to DCS on a quarterly basis. Additionally, the CSA QI Coordinators will be actively involved with DCS as it implements its own Continuous Quality Improvement process. We anticipate making changes in our process to mirror the Continuous Quality Improvement process that DCS will implement.

CSA program management staff on a monthly basis will conduct internal case file reviews. The Executive Director will ensure supervisors do not review cases held by staff in which they supervise. The Director of Child and Family services program will review each of the monthly reviews conducted to ensure accuracy of findings. Agency will attempt to computerize the scoring tool to ensure accuracy of data.

Department of Children's Services

We concur. DCS is evaluating its relationship with the CSAs and its responsibility to review and monitor the QI reviews and any corrective action plans submitted by the CSAs. The department is developing a plan to better serve the department, the CSAs, and the children receiving services.

6. Internal reviews of Child and Family Services operations and service delivery processes lack detailed written procedures and require improvement

Finding

The internal Family Support Services and Family Crisis Intervention Program Quarterly File Reviews do not always comply with Department of Children's Services (DCS) policy, generally lack identification of the reviewer and reviewee, and have incorrect compliance percentages.

DCS Administrative Policy and Procedure 31.1, regarding Child and Family Services quarterly file reviews, stipulates the development of review forms, file selection criteria, reviewer responsibilities, and compliance categories. The *Family Support Services Policy and Procedure Manual* states that the agency must follow this policy which stipulates, for example, that a team coordinator should randomly select files for quarterly reviews but does not specify the actual process for selecting these files.

We obtained and reviewed all policies and procedures for Child and Family Services and found no specific policies and procedures associated with conducting quarterly case file reviews. The Child and Family Services director and supervisors state that files are “randomly selected” for reviews but that there is no documented, uniform process for selecting these files. Without a documented procedure in place, Southwest CSA is unable to ensure that the files are, in fact, randomly selected in a consistent, unbiased manner. Also, supervisors, who have extensive knowledge of these cases, may unintentionally select files that will result in a higher or lower compliance rating for case managers.

In an examination review of 34 Family Crisis Intervention Program and 46 Family Support Services Quarterly Case File Reviews dated between July 2001 and April 2004, we found that many of the reviews did not comply with DCS Policy and Procedure 31.1, failed to identify the case manager conducting the review, and had compliance percentages that were either miscalculated or omitted altogether.

DCS Policy and Procedure 31.1 states that a Case Manager 4 or supervising Case Manager 3 must complete these file reviews. However, we determined that the Family Crisis Intervention Program is not complying with this policy. Of the 34 case reviews analyzed, we determined that 19 (55.9%) were conducted by unqualified case managers, 6 (17.6%) were conducted by qualified case managers, and the remaining 9 (26.5%) cases had no case manager listed or the name was illegible, making it impossible to determine whether the reviewers were qualified. Of the 46 Family Support Services case reviews analyzed, 22 (47.8%) were conducted by qualified case managers, and 24 (52.2%) did not contain the name of the reviewer.

We reviewed 46 Family Support Services Quarterly Case File Reviews conducted during the period July 2001 to April 2004 and determined that all of these reviews considered “Not Applicable” answers to be “Yes” answers for calculation purposes, which in many instances resulted in an inflated compliance percentage. We found that a review tool used prior to July 2001 divided the total number of “Yes” answers by the total of all answers with either a “Yes” or “No” answer to determine compliance percentage, completely factoring out “Not Applicable” answers. This is the same calculation method used for the quasi-external reviews. However, the internal review tool used in the case files reviews we examined does not list this calculation. Of the 46 reviews, 39 (84.8%) had a different compliance percentage when factoring out the “Not Applicable” answers. Of the 39 case reviews with different compliance percentages, 11 (28.2%) had enough of a change to force them into a lower compliance category based on DCS Policy and Procedure 31.1.

The review of the 34 Family Crisis Intervention Program Quarterly Case File Reviews found that

- 16 of 34 (47.06%) did not list a compliance percentage calculation;
- 13 of 34 (38.24%) did not list the date of the review;
- 16 of 34 (47.06%) did not total the number of Yes answers (used to calculate compliance percentages);

- 18 of 34 (52.94%) did not total the number of No answers (used to calculate compliance percentages); and
- 2 of 34 cases (5.88%) were reviewed by the case manager assigned to that case.

Without the uniform administration of these reviews, Southwest CSA may be making decisions about continued employment, promotions, and case assignments of current staff based on incomplete or erroneous information. Detailed written procedures will promote consistent documentation and the uniform administration of reviews. Documenting these processes is also important to preserve institutional knowledge and ease the transition of responsibility to other personnel.

Recommendation

Southwest CSA management should develop and implement detailed written procedures, which are consistent with DCS Policy and Procedure 31.1, for selecting, conducting, and completing quarterly case file reviews to improve the consistency of documentation that aids in decision-making. Agency management should consider completing review forms in an electronic spreadsheet to reduce the risk of erroneous tabulations. Management should document the procedures for conducting a case file review, including a clear provision that a case manager should not review his or her own files.

Management's Comment

We concur. We are in the process of developing written, specific procedures for our internal file review process. We anticipate this being completed by December 31, 2004.

7. The board is not fully complying with the notice requirements of the open meeting law

Finding

Pursuant to agency policy, the board of directors for Southwest CSA convenes for meetings as necessary and practical, at the discretion of the Chair, but no less frequently than once in every three-month period (i.e., quarterly). According to Section 8-44-103, *Tennessee Code Annotated*, governmental bodies should give "adequate" notice of their meetings. However, when a CSA board meeting is scheduled, the agency only places notices in the *Jackson Sun*.

Since the board represents 11 counties with a combined population of approximately 350,000 individuals and roughly 132,000 households, placing notices in one city's newspaper

that has a circulation of 35,294 does not provide “adequate” public notice as required by the statute. The *Memphis Commercial Appeal*, with a Sunday circulation of 235,000 papers delivered within a 100-mile radius, would provide additional notice to a larger area. By only advertising in one city’s daily newspaper, the board is not complying with the intent of the law.

Recommendation

The Southwest CSA board should announce its meetings in newspapers (whether daily, weekly, local, or other) such as the *Memphis Commercial Appeal* that circulate in the agency’s region to maximize the number of households exposed to meeting notifications for Southwest CSA. Alternatively, the agency could broadcast meeting announcements on local radio, cable, or television stations or post meeting announcements in county courthouses or other high-traffic public areas such as local libraries and post offices.

Management’s Comment

We concur. Effective July 25, 2004, Southwest CSA began sending notices to the *Memphis Commercial Appeal*. It should be noted that prior to July 25, 2004, SWCSA was placing its notices in the *Jackson Sun*, a newspaper available in all 11 counties serviced by Southwest CSA.

8. Board policies need to be revised

Finding

Section 37-5-305(b), *Tennessee Code Annotated*, requires the membership of each board serving a rural community services agency (CSA) to be appointed by the Governor and to consist of a representative of each county within the agency boundary and the Commissioner of the Department of Children’s Services (DCS) or the commissioner’s designee. Southwest CSA is one of eight rural CSAs in the state. The four metropolitan CSA boards must have at least 12 members, all appointed by the Governor, according to Section 37-5-305(c), *Tennessee Code Annotated*.

At Southwest CSA, statutory requirements result in a 12-member board. However, there are problems with appointees never attending or being absent a significant number of times. Between August 2000 and October 2003, the Southwest CSA board met 13 times and averaged only five members in attendance. Chester and Haywood counties were never represented in a meeting; Fayette, Lauderdale, and Madison counties were represented three or fewer times.

Board policies make no provision for board member participation via conference call or the removal of a board member because of absence or failure to perform the duties of the office. With such policies, the board will have more options for obtaining quorums at meetings and may replace non-contributing board members in a more timely fashion.

While board policy states that the board will reach no decision or take action on any issue at its meetings unless there is a quorum of its membership present, the quorum policy states that a quorum for a regular board meeting is simply those members attending; for special meetings, a quorum is one-half plus one. Policy also states that those in attendance set the agenda for a meeting. Although there is no precise definition of “quorum” in state law, the State of Tennessee Attorney General’s Office has opined that a quorum ordinarily means a majority of all entitled to vote. A 12-member board conducting business with as few as two board members present, as has occurred in past years, is unacceptable as the actions are not necessarily the intentions of a majority of those representing the counties served by the agency. Also, since agendas are not set until the time of the meeting, such a policy could allow actions to be taken that are known not to be supported by a majority of the members of the board.

Recommendation

The board should develop a policy for participation via conference call and develop a policy for the board chair to notify the Governor of board members with excessive or consecutive absences.

The board should develop a quorum policy that requires at least half of its membership to be present before any business can be conducted and voted upon.

The General Assembly may wish to consider amending state law to provide for the removal of board members with excessive or consecutive absences.

Management’s Comment

We concur. Although previously advised not to allow participating in board meetings via a conference call, agency management will present to the board a draft policy to address this issue and allow them to vote on such policy. All policy revisions also require the approval of the Commissioner of the Department of Children’s Services (DCS). Additionally, management will develop a draft policy surrounding board member attendance and when and how to properly notify the Governor’s office. Again, all policies must be voted on by the board and be approved by the DCS Commissioner. Board members will work with the Executive Director to ensure the Governor’s office has sufficient notice of upcoming vacancies.

We concur that the Southwest CSA’s board quorum policy needs revision. Effective August 31, 2004, the Southwest CSA’s board quorum policy requires that at least half of its membership be present before any business can be conducted and voted upon.

9. Board members and staff are not filing annual conflict-of-interest statements

Finding

Board policy requires members to make known in writing if a matter comes before the board in which they have a direct or conflicting interest. There is no policy requiring annually signed conflict-of-interest statements, and members do not complete such forms on a yearly basis. Four of the 12 board members serving between August 2000 and October 2003 had signed forms in 1992; seven, between 1995 and 1998; one, in 2001; and four, in 2003.

Employees are also not completing annual conflict-of-interest forms. Instead, employees sign such forms at the time of employment. Personnel policies require employees to immediately notify the executive director or board chair in writing of any conflict of interest that subsequently develops.

Conflict-of-interest disclosures are designed to ensure that the public's interest is protected. According to the Governor's Executive Order No. 3 covering executive branch employees, persons should avoid any action, whether or not specifically prohibited by statute or regulation,

which might result in or create the appearance of: 1) using public office for private gain; 2) giving preferential treatment to any person; 3) impeding government efficiency or economy; 4) losing complete independence or impartiality; 5) making a government decision outside of official channels; or 6) adversely affecting the confidence of the public in the integrity of the government.

Annual written disclosures of financial interests, prior employment, employment of immediate family members, and other matters that may influence decisions or could give the appearance of influencing decisions help ensure that the board and staff are acting on the state's behalf and that board members recuse themselves from decision-making as needed.

Recommendation

As a best practice, all board members and employees should complete conflict-of-interest forms addressing financial interests, prior employment, employment of family members, and other matters annually as a reminder to be aware of actual, potential, and seeming conflicts of interest. The board members and employees should also immediately update the forms when they develop a conflict.

The board and management should revise written conflict-of-interest policies to require annually signed, written conflict-of-interest statements. Since all board conflict-of-interest forms except one are over a year old, board members should update these forms and continue to do so annually. As many staff forms are also over a year old, management should update employee forms and continue to do so annually.

The executive director should ensure that board members submit comprehensive conflict-of-interest statements in a timely manner and that such members recuse themselves as warranted.

Management's Comment

We concur. Management was unaware of the fact that the conflict-of-interest statements were required to be completed on an annual basis. All staff sign conflict-of-interest statements during new hire orientation conducted on or around the first day of employment. All board members have also signed this statement once. We will work with the CSA Personnel Standards Committee to incorporate this "best practice" into CSA policy. Additionally, we will ask the committee to review the language of our current conflict-of-interest statement and update if necessary. Changes to the Board Policy will be recommended to the board in the October 2004 meeting.

10. The agency lacks a formal complaint process for clients and vendors

Finding

Southwest CSA lacks a formal process for addressing client and vendor complaints. Per discussions with Child and Family Services program personnel, depending on the severity of the complaint, they may or may not complete documentation regarding either the complaint or the resolution. They also stated that there is no written procedure in place related to complaints and that there are no standard forms to document complaints. Southwest CSA does not usually document complaints or complaint resolutions, or track complaints about specific vendors, case managers, or clients.

Without a formal complaint process, CSA management is unable to ensure that it addresses vendor and client complaints in a timely, consistent, and impartial manner. Additionally, there could be confusion concerning where to file complaints and what constitutes a complaint. Without this process, there is also no viable way to track complaints to identify problems with particular vendors or CSA staff in order to make changes or improvements. Changes could involve terminating a contract with a vendor or providing additional training to staff.

Recommendation

Southwest CSA should develop and implement a formal complaint process designed to document and track complaints to ensure that it addresses all complaints in a timely, consistent, and impartial manner. The agency should also develop and implement formal complaint/complaint resolution forms or logs to aid in documenting the actions taken.

Management's Comment

We concur. We are in the process of establishing complaint processes for both clients and vendors. This is being done in conjunction with our efforts surrounding contract compliance and service quality. We plan to have this in place by January 1, 2005.

11. Many case manager personnel files are missing probationary or annual evaluations

Finding

Personnel policies only require periodic employee evaluations. However, documentation in personnel files suggests that the agency practices annual evaluations. In a file review of case managers, 18 of 26 case manager files (69%) were missing probationary or annual evaluations. Conducting annual evaluations provides employees with regular feedback about how they are progressing and provides a sound basis for promotion and/or retention.

Recommendation

The agency should establish a policy that supervisors will conduct annual performance evaluations for all employees.

Management's Comment

We concur. We agree that employees should be evaluated on an annual basis. We have implemented new guidelines for supervisors to ensure that these evaluations are done timely. Our Human Resources department will contact supervisors 60 days in advance to let them know evaluations are due. A reminder will then be sent at 30 days.

12. No data reliability testing has been conducted on KID\$TRAX

Finding

Neither the Department of Children's Services (DCS) nor Southwest CSA has conducted formal data reliability testing on KID\$TRAX, and there are no written policies and procedures for entering KID\$TRAX data. KID\$TRAX, an ACCESS database, was developed in 2002 by the CSAs to manage the financial tracking component of their operations that the DCS's TNKIDS system had not yet implemented. Southwest CSA uses KID\$TRAX to create invoices to bill DCS for reimbursement. According to the Upper Cumberland CSA staff member who helped create KID\$TRAX, when the program was piloted, staff "knew" that the system was getting information that they needed and that it "accurately" reflected current cases because staff used it daily and also had knowledge of current cases.

Monthly and quarterly case file reviews conducted by case manager supervisors and a dedicated regional Quality Improvement person also do not check information in KID\$TRAX against the paper case files, though DCS policy requires that case file information be compared to the information contained in computer databases such as TNKIDS. KID\$TRAX is such a database.

Without formal data reliability testing, the individual CSAs cannot be certain that there are adequate controls within the program software and over the use of the software and that the information within the system is valid and reliable. Without accurate data, management cannot effectively manage and plan programs or ensure that DCS is being properly billed. Since this is a small agency, it is especially important to have detailed written procedures. If a person leaves the agency or there is a restructuring of responsibility, the documentation of written procedures should ease the transition and help to ensure consistency.

Recommendation

CSA and DCS Information Systems personnel should conduct data reliability testing on the KID\$TRAX software to verify the presence of adequate internal controls over the system and the accuracy of the data within the system. The individual CSAs should also include verification of KID\$TRAX data in their internal quality control measures.

The agency should develop and implement detailed written procedures for all processes to act as a guide for employees, to help ensure that processes are performed consistently when current institutional knowledge is lost, and to provide a basis for evaluation by internal and external auditors.

DCS may wish to consider having all CSAs develop these detailed written procedures to help promote consistency across the state.

Management's Comment

Southwest CSA

We concur. There are currently several areas surrounding KID\$TRAX that the Upper Cumberland CSA (where the programmer is employed) and DCS Information Systems Personnel are working to resolve. It is quite possible for DCS to take control of the oversight of this program. We will work with the programmer in Upper Cumberland and DCS staff to ensure data reliability tests are being conducted. Additionally, we will incorporate verification of KID\$TRAX data against paper files in the QI process.

Department of Children's Services

We concur. The Office of Information Technology is evaluating and developing the KID\$TRAX system and will perform reliability tests. KID\$TRAX is in the process of being converted to an Oracle database and will directly interface with TNKIDS. This will allow better controls, data reliability, and security.

13. The TennCare Transportation program is providing services to OmniCare, Tennessee Behavioral Health, and Premier without a formal contract

Finding

Southwest CSA currently has contracts or letters of intent with two MCOs—BlueCross and OmniCare—and one BHO—Premier—to manage a transportation program for their TennCare enrollees. Tennessee Behavioral Health, another BHO, also pays Southwest CSA to manage such a program though there is no contract or letter of intent for these services. Southwest CSA acts as an intermediary between the MCOs and BHOs and the actual transportation providers. Southwest CSA oversees the transportation providers that have contracted directly with the MCOs and BHOs; arranges transportation appointments for OmniCare, BlueCross, Premier, and Tennessee Behavioral Health enrollees; and bills the MCOs for the transportation providers. For this service, OmniCare and BlueCross pay Southwest CSA \$0.158 per month per enrollee in their TennCare program in the Southwest region. Premier and Tennessee Behavioral Health pay \$0.105 per month for their TennCare enrollees in this region.

None of these revenue contracts are listed in the agency's Plan of Operation for fiscal year 2004. CSA Rule 0250-07-06-.03(1)(f) in *Rules of the Tennessee Department of Children's Services* requires that the plan of operation contain a list of contracts related to the administration of the CSA.

CSA Rule 0250-7-6-.05(3) requires the CSA to establish policies and procedures for contracting for services but does not address revenue contracts. Neither does the agency's internal policy 3.16 address revenue contracts; instead, it only specifically addresses contracting for services. The fiscal year 2004 Plan of Operation, Section (c)(5), states that the agency agrees to comply with the *Rules of the Department of Finance and Administration*, Chapter 0620-3-3, Personal Services, Professional Services, and Consultant Services Contracts. Rule 0620-3-3-.08(3) states,

A revenue contract shall be used to formalize an agreement in which a state agency provides specific deliverable services for monetary compensation. Prior to proceeding with any revenue contract negotiation, the state agency must obtain approval of the Commissioner of Finance and Administration. If the request to enter into a revenue contract is approved, the agency shall proceed with the agreement in accordance with these rules and Department of Finance and Administration Office of Contracts Review Policy Guidelines.

A written contract protects both parties by enumerating, in writing, the complete agreement between parties. The contract should clearly state the rights, duties, and liability of all parties, leaving nothing to an unwritten understanding.

Recommendation

Southwest CSA management should list in the annual Plan of Operation both revenue contracts and contracts by which the CSA purchases services. The CSA should also have formal contracts with OmniCare and Premier regarding the services that Southwest CSA provides to them.

Management's Comment

We concur. On several occasions, we have requested a formal contract from these vendors. We will renew our efforts to obtain formal, written contracts.

14. TennCare Transportation program vendor files do not contain necessary documentation

Finding

Files of TennCare Transportation vendors are missing essential information. These vendors provide health-related transportation services to TennCare recipients. We reviewed the files of the 17 transportation vendors to determine if the files had copies of the vendor's contract with the managed care organization or behavioral organization; an annual certification form, which has vendors verify information such as drivers' names, licenses, and vehicles and that drivers' performance is monitored and background checks are conducted; a valid state business license or ambulance service license; copies of liability insurance; and copies of annual on-site reviews by Southwest CSA. One lacked an attestation letter; 2, documentation of a valid business license; 8, updated copies of drivers' licenses; 12, updated vehicle lists; 15, vehicle maintenance information; 13, evidence of drivers' criminal background checks; and 2, copies of annual on-site reviews.

Without complete documentation, the agency cannot properly oversee the operations of the TennCare Transportation program and safeguard the program's clients.

Recommendation

Southwest CSA should obtain all necessary documentation required to fulfill its contractual responsibility to oversee transportation vendors for managed care organizations or behavioral organizations to ensure the vendors are able to meet the needs of the TennCare population.

Management's Comment

We concur. We are currently working with vendors to obtain the necessary documentation for their files. We anticipate this to be completed by November 15, 2004. Additionally, we are implementing a quarterly file review to ensure that this information is obtained timely and consistently.

RECOMMENDATIONS

LEGISLATIVE

1. The General Assembly may wish to consider amending state law to provide for the removal of board members with excessive or consecutive absences.
2. The General Assembly may wish to consider amending Section 37-5-305(b), *Tennessee Code Annotated*, based upon the advice of the Attorney General, to remove the Commissioner of the Department of Children's Services or the commissioner's representative from serving as a voting member on rural CSA boards as this appears inconsistent with Section 37-5-305(j), *Tennessee Code Annotated*, which would limit the commissioner's participation in the majority of CSA business.

ADMINISTRATIVE

Southwest Community Services Agency should address the following areas to improve the efficiency and effectiveness of its operations.

1. Management should develop a system with written policies and procedures for monitoring both contract compliance and vendor service quality. Contracts should require both the reporting of performance data or attainment of certain performance goals by the contractor and agency monitoring and confirmation of processes in place to ensure compliance with Title VI and HIPAA requirements. At a minimum, agency management should monitor vendors who receive the bulk of service monies or provide a majority of the services to evaluate whether Southwest CSA is fulfilling the statutory obligation of promoting the well-being of children and other citizens of the state. Monitoring these vendors should provide the agency with a basis for improving service delivery and the consistency of those services throughout the region. Agency management should also monitor vendors who do not have a formal written contract but who provide services to clients.
2. Management should develop formal, written Title VI policies and procedures for monitoring itself and the vendors with whom it does business, for the submission and

handling of complaints, and for ensuring that clients are informed of their rights under Title VI and that clients know with whom they can file a complaint both within and outside the agency.

3. Management should only operate under formally approved policies. If waivers to existing approved policies are granted by the Department of Children's Services in anticipation of a forthcoming new policy manual, the waivers should be in writing, be dated, and include an effective date. Southwest CSA should request written clarification from the department on what set of policies it should be following.
4. Management should immediately implement and monitor policies and procedures to verify that vendors having contact with children have passed a criminal background check. Any individuals who are not presently verified should not be permitted to have contact with children until the verification is completed. The policies and procedures should also require that any individuals who subsequently become ineligible to have contact with children are identified and removed from positions having contact with children as soon as possible.
5. Management should work with the Department of Children's Services to modify the Quality Improvement process to differentiate it from an agency's internal case file reviews and to include a qualitative review of agency operations. Additionally, the QI process should require corrective action plans to document actions taken to improve internal operations.
6. Management should develop and implement detailed written procedures, which are consistent with Department of Children's Services Policy and Procedure 31.1, for selecting, conducting, and completing quarterly case file reviews to improve the consistency of documentation that aids in decision making. Management should consider completing review forms in an electronic spreadsheet to reduce the risk of erroneous tabulations. Management should document the procedures for conducting a case file review, including a clear provision that case managers should not review their own files.
7. The Southwest CSA Board of Directors should announce its meetings in newspapers (whether daily, weekly, local, or other) such as the Memphis *Commercial Appeal* that circulate in the agency's region to maximize the number of households exposed to meeting notifications for Southwest CSA. Alternatively, the agency could broadcast meeting announcements on local radio, cable, or television stations or post meeting announcements in county courthouses or other high-traffic public areas such as local libraries and post offices.
8. The board should develop a policy for participation via conference call and develop a policy for the board chair to notify the Governor of board members with excessive or consecutive absences. The board should develop a quorum policy that requires at least half of its membership to be present before any business can be conducted and voted upon.

9. The board and management should revise conflict-of-interest policies to require annually signed, written conflict-of-interest statements addressing financial interests, prior employment, employment of family members, and other matters as a reminder to be aware of actual, potential, and perceived conflicts of interest. The board members and employees should also immediately update the forms when they develop a conflict. The executive director should ensure that board members submit comprehensive conflict-of-interest statements in a timely manner and that such members recuse themselves as warranted.
10. Management should develop and implement a formal complaint process designed to document and track complaints to ensure that it addresses all complaints in a timely, consistent, and impartial manner. Management should also develop and implement formal complaint/complaint resolution forms or logs to aid in documenting the actions taken.
11. Management should establish a policy that supervisors will conduct annual performance evaluations for all employees.
12. Management, in conjunction with DCS information Systems personnel, should conduct data reliability testing on the KID\$TRAX software to verify the presence of adequate internal controls over the system and the accuracy of the data within the system. Management should also include verification of KID\$TRAX data in their internal quality control measures. Management should develop and implement detailed written procedures for all processes to act as a guide for employees, to help ensure that processes are performed consistently when current institutional knowledge is lost, and to provide a basis for evaluation by internal and external auditors.
13. Management should list in the annual Plan of Operation both revenue contracts and contracts by which the CSA purchases services. The agency should have formal contracts with OmniCare and Premier regarding the services which Southwest CSA provides to them.
14. Management should obtain all necessary documentation required to fulfill its contractual responsibility to oversee transportation vendors for managed care organizations or behavioral health organization to ensure the vendors are able to meet the needs of the TennCare population.

The Department of Children's Services should address the following areas to improve the efficiency and effectiveness of its operations.

1. The Department of Children's Services (DCS) should require its regional administrators to recuse themselves from CSA board votes. DCS's commissioner and the community services agencies should seek the advice of the attorney general regarding the commissioner's role on the board of directors.

2. DCS may wish to consider requiring all CSAs to report vendor information to ensure that the department's own mission and contract provisions are being fulfilled.
3. DCS should ensure that Southwest CSA has the necessary Title VI procedures and that it monitors its subcontractors for Title VI compliance. DCS should also review the Southwest CSA self-survey to ensure its accuracy, including the level of federal funding listed.
4. DCS should work with the CSAs, should modify the Quality Improvement process to differentiate it from an agency's internal case file reviews and to include a qualitative review of agency operations. Additionally, the Quality Improvement process should require corrective action plans to document actions taken to improve internal operations.
5. DCS may wish to consider taking a more active role in overseeing and managing the Quality Improvement reviews conducted at CSAs. For example, DCS may wish to consider having the Quality Improvement reviewers report directly to DCS and directly pay the reviewers' salaries, rather than having the money pass through the CSAs. Moreover, DCS should consider developing a review mechanism that fulfills its information needs and allows for a comprehensive review of CSA performance. DCS should also monitor corrective action plans to ensure that they are followed and that they effectively improve CSA internal operations.
6. DCS should develop a system for measuring the quality of service provided by CSAs. The department should develop and implement written policies and procedures for monitoring both contract compliance and service quality to ensure that Southwest CSA management, in particular, and CSA management, in general, are fulfilling their statutory and contractual obligation of promoting the well-being of children and other citizens of the state. Monitoring these services should provide the department and agencies with a basis for improving service delivery and the consistency of those services throughout the region and state.
7. DCS should determine what information it needs in an annual report and revise Rule 0250-7-6-.05(8) and its contract with Southwest CSA to eliminate conflicting language, perhaps requiring submission of an annual report with programmatic information within nine months of the close of the fiscal year and the Comptroller's financial audit with financial statements when released. Management should also develop and initiate a monitoring tool that its liaison with the CSAs will use to determine whether CSAs submit annual reports in a timely fashion.
8. DCS Information Systems personnel, in conjunction with CSA personnel, should conduct data reliability testing on the KID\$TRAX software to verify the presence of adequate internal controls over the system and the accuracy of the data within the system. DCS may wish to consider having all CSAs develop these detailed written procedures to help promote consistency across the state.

APPENDIX

Southwest CSA Staff Gender and Ethnicity By Job Position May 2004

Title	Gender		Ethnicity		
	<i>Male</i>	<i>Female</i>	<i>White</i>	<i>Black</i>	<i>Other</i>
Administrative Specialist 1-4	0	13	8	5	0
Child & Family Services Director	0	1	0	1	0
Team Leader	0	2	0	2	0
Case Manager	6	16	7	15	0
Education Specialist	0	1	1	0	0
Licensed Clinical Social Worker	0	1	1	0	0
LPN	1	33	23	9	2
RN	1	8	8	1	0
Dental Assistant	0	2	2	0	0
Medical Records Clerk	0	4	4	0	0
Nursing Director	0	1	1	0	0
Nurse Practitioner	1	1	2	0	0
Executive Director	1	0	1	0	0
Health Administrator	1	0	1	0	0
Administrative Services Director	0	1	0	1	0
Fiscal Specialist	1	1	2	0	0
TennCare Transportation Director	0	1	1	0	0
Fiscal Director	0	1	1	0	0
Training Coordinator	1	0	1	0	0
Total	13	87	64	34	2